### EAST FELICIANA COUNCIL ON AGING, INC. Clinton, Louisiana Annual Financial Report

As of and for the Year Ended June 30, 2011

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the passa clerk of court.

Release Date FEB 0 1 2012

**DONALD C. De VILLE** 

Certified Public Accountant 7829 Bluebonnet Boulevard Baton Rouge, Louisiana 70810

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#### INDEPENDENT AUDITOR'S REPORT

August 29, 2011

Board of Directors
East Feliciana Council on Aging, Inc.
Clinton, Louisiana

I have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of East Feliciana Council on Aging, Inc., Clinton, Louisiana, (the Council) as of and for the year ended June 30, 2011, which collectively comprise the Council's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Council's management. My responsibility is to express an opinion of these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provided a reasonable basis for my opinion.

In my opinion, the financial statement referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Council as of June 30, 2011, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1 to the financial statements, the Council has adopted the provisions of Governmental Accounting Standards Board Statement 54, Fund Balance Reporting and Governmental Fund Type Definitions, in fiscal year 2010.

In accordance with *Government Auditing Standards*. I have also issued my report dated August 29, 2011, on my consideration of the Council's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of my audit.

Accounting principles generally accepted in the United States of America require the management's discussion and analysis (page 6) and budgetary comparison information (pages 43 through page 47) be presented to supplement the basis financial statements. Such information, although not a part of the basic linancial statements is required by Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consist of inquires of management about methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Council's basic financial statements as a whole. The accompanying Combining Schedulc of Revenues, Expenditures and Changes in Fund Balance – Nonmajor Governmental Funds and the Comparative Schedule of Capital Assets and Changes in Capital Assets are presented for purposes of additional analysis as required by the Governor's Office of Elderly Affairs (GOEA) and are not a required part of the basic financial statements. The Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance – Nonmajor Governmental Funds and the Comparative Schedule of Capital Assets and Changes in Capital Assets are the responsibility of management and were derived from the related directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Mond C. De Ville

#### **MANAGEMENTS DISCUSSION AND ANALYSIS**

### East Feliciana Council on Aging Fiscal Year Ended June 30, 2011

The "Management's Discussion and Analysis" of the East Feliciana Council On Aging, Inc.'s (the Council) financial performance presents a narrative overview and analysis of the Council's financial activities for the year ended June 30, 2011. This document focuses on the current year's activities, resulting changes, and currently known facts. Please read this report in conjunction with basic financial statements, which follow this section.

#### FINANCIAL HIGHLIGHTS (see statements on 8 and 9)

The Council's assets exceeded its liabilities at the close of fiscal year 2011 by \$141,028 (net assets), which represents 14% increase from last year.

Cash was \$88,259 at June 30, 2011, compared to \$67,139 at June 30, 2010. This is an increase of \$21,120 due to increase funding from the Department of Transportation and client contributions.

The Council's revenue increased \$4,966 or 1% primarily due to an increase in funding from the Department of Transportation.

The Council's fund expenditures increased by \$426 or 0.1% due an increase in salaries.

Capital assets increased by \$2,300. This increase was due mainly to the purchase of a generator less depreciation.

The Council did not have any funds with deficit fund balances.

Fund balances at the year-end (page 12) for the Council was \$115,928.

#### HOW TO USE THIS ANNUAL REPORT

The Council's annual financial report consists of five parts:

- (1) Management's discussion and analysis (this section)
- (2) The Basic financial statements (government-wide and fund)
- (3) Supplementary information required by GASB 34
- (4) Supplementary information required by GOEA
- (5) Auditor reports

The basic financial statements included two kinds of statements that present different views of the Council:

#### Government-wide Financial Statements

The Government-wide financial statements (see pages 8 and 9) are designed to provide readers with a broad overview of the Council's finances, in a manner similar to a private sector business. The statement of net assets presents information on all of the Council's assets and liabilities, with the difference between the two reports as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Council is improving or deteriorating. The statement of activities presents information showing how the Council's net assets change during each fiscal year (revenues less expenditures). All changes in net assets are reported as soon as the financial transaction occurs regardless of the timing of the related cash flows. Thus, revenue and expenditures are reported in this statement this fiscal year even though the resulting cash flow is in future fiscal years. The governmental activity of the Council is health and welfare, which is comprised of various programs that include supportive services, nutritional services, utility assistance, disease prevention and caregiver support.

#### **Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. All of the funds of the Council are governmental funds.

#### Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on current year inflows and outflows of cash, as well as on balances of spendable resources available at the end of the fiscal year. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to help with comparisons between governmental funds and governmental activities. (Pages 12 and 14)

The Council has presented the General Fund, Title III-B, and Title III C-2, as major funds. All non-major governmental funds are presented in one column, titled "Total Non-Major Funds". Combining financial statements of the non-major funds can be found in the Combining Fund Statements that follow the basic financial statements. (Page 51)

#### Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes of the financial statements can be found on Page 15-44 of this report.

#### Other Information

In addition to the basic financial statements and accompanying notes, this report also represents certain required supplementary information that further explains and supports the information in the financial statements. The Governmental Accounting Standards Board (GASB) Statement No. 34 requires budgetary comparison schedules for the General Fund and each major Special Revenue Fund that has a legally adopted budget (Pages 47-49).

In addition to these required elements, the Council has a section of supplementary information. The Governor's Office of Elderly Affairs (GOEA) has required the Council to present combining statements and provide details of our non-major governmental funds and details about capital assets and the changes in capital assets. This information will be used by GOEA to verify the accuracy of information submitted to them during the year and to help monitor certain compliance requirements set forth in the grants that it has with the Council. (Pages 51-52)

#### GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets serve as a useful indicator of the Council's financial position. As of June 30, 2011, assets exceeded liabilities by **\$141,027**. The Council has a stable cash position.

#### CAPITAL ASSETS

The Council's investment in capital assets for its governmental activities as of June 30, 2011, amounts to \$127,822 (net accumulated depreciation). This investment in capital assets includes office furniture, fixtures, vehicles, machinery and equipment (see table below):

Capital Assets Being Depreciated	_	Balance une 30, 2010	A	lditions	Decre	eases	Ju	alance ine 30, 2011
Vehicles	\$	98,454	Ş	0	\$	0	\$	98,454
Office furniture and equipment		10,218		19,150		<u> </u>		29,368
Total Capital Assels		108,672		19,150		0		127,822
Less Accumulated Depreciation:								
Vehicles		73,939		11,332		0		85,271
Office furniture and equipment		3,622		5,518		0		9,140
Total Accumulated Depreciation		77,561		16,850		0		94,411
Capital Assets Net of Depreciation	\$	31,111	\$	2,300	\$	0	\$	33,411

Additional information on the Council's capital assets can be found on page 37.

#### ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The Council receives most of its funding from federal and state agencies and local taxes. Because of this, the source of income for the Council is consistent. However, some of the Council's grants and contracts are contingent upon the level of service provided by the Council, and therefore, those revenues are not fixed. There have been no significant changes to the funding levels or terms of the grants and contracts. The Governor's Office of Elderly Affairs (GOEA) has approved the Council's budget for the fiscal year 2011-2012. There are no plans to add any significant programs for next fiscal year.

The Executive Director and Board of Directors consider the following factors and indicators when setting next year's budget, rates and fees. These factors and indicators include:

- Actual expenditures from previous fiscal years in relation to expected needs in the current year.
- Consideration of funding to be received from GOEA.
- Interest revenues have been budgeted with no anticipation of an increase in interest rates.
- Salaries and benefits are based on the number of employees needed to perform necessary services and the related benefits.
- Travel rates in accordance with state travel regulations.
- Services the Council will provide along with estimated service cost.
- Estimate operating supplies needed to perform necessary services.
- Detail plan of equipment needed to be purchased.
- Vehicle insurance based on quotes and contracts.

#### **REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the Council's finances for all concerned.

Questions concerning any of the information provided in this report or request for additional information should be addressed to:

Board of Directors
East Feliciana Council on Aging, Inc.
P. O. Box 986
Clinton, Louisiana 70722
Phone: (225) 683-9862
Brenda Gardner, Executive Director

### GOVERNMENT-WIDE FINANCIAL STATEMENTS

#### **GOVERNMENT WIDE STATEMENT OF NET ASSETS**

#### EAST FELICIANA COUNCIL ON AGING CLINTON, LOUSIANA June 30, 2011

	GOVERNMETAL ACTIVITIES
ASSETS:	
Cash	\$88,259
Contracts Receivable	18,744
Accounts Receivable	899
Prepaid Expenditures	8,106
Capital assets, net of accumulated depreciation	33,411
Total Assets	\$149,419
LIABILITIES AND FUND BALANCES:	
LIABILITIES:	
Accounts Payable	\$80
Compensated Absences	8,311
Total Liabilities	\$8,391
NET ASSETS:	
Invested in Capital Assets, net of debt	\$33,411
Restricted for:	
Utilities	7,074
Unrestricted	100,543
Total Net Assets	\$141,028

The accompanying notes are an integral part of this statement.

#### **GOVERNMENT WIDE STATEMENT OF ACTIVITIES**

EAST FELICIANA COUNCIL ON AGING, INC. CLINTON, LOUISIANA FOR THE YEAR ENDED JUNE 30, 2011

						Revenues and
						Increases
				Program Reve		(Decreases) in
	<b>D</b> :4	la di a	Ob	_	Capital Grants	Net Assets
	Direct		•	Grants and	And	Governmental
Governmental Activities	Expenses	Expenses	Services	Contributions	Contributions	Activities
HEALTH, WELFARE & SOCIAL SER	MUCES					
SUPPORT SERVICES:	VICES					
Material Aid	\$2,793	\$0	\$0	\$2,793	\$0	\$0
Recreation	983	0	0	983	0	0
Transportation	165,322	49,130	12.902	183.723	19,050	(1,223)
NURITION SERVICES:			,		,	, , ,
Congregate Meals	21,773	7,897	3,313	17,722	0	8,635
Home Delivered Meals	27,929	14,579	1,968	35,455	0	5,085
Disease Prevention	1,615	756	0	2,118	0	253
National Care Giver Support	0	150	0	150	0	0
Utility Assistance	6.063	0	0	3,082	0	2,981
Medicare Outreach & Enrollment	2,247	0	0	2.242	0	5
Administriation	104,710	(72,512)	0	0	0	32,198_
Total Governmental Activites	333,435	0	18,183	248,268	19,050	47,934
	General R					<del></del> _
			itions not re	stricted		57,5 <u>0</u> 0
		ent earning				71 7,612
	Other general revenues					
	•	ale of Fixed		_		0
	Total ger	neral reven	ues and tra	nsfers		65,183
	INCREA	SE IN NET	ASSETS			17,249
	Net asse	ts-beginni	ing			123,779
	Net asse	ts-ending				141,028

Net (Expenses)

The accompanying notes are an integral part of this statement.

### **FUND FINANCIAL STATEMENTS**

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# BALANCE SHEET GOVERNMENTAL FUNDS

### EAST FELICIANA COUNCIL ON AGING, INC. CLINTON, LOUISIANA

June 30, 2011

	GENERAL FUND	TITLE III B	TITLE III C 2	NON MAJOR FUND\$	TOTAL
ASSETS:					
Cash	\$81,185	\$0	\$0	\$7,074	\$88,259
Contracts Receivable	11,920	3,766	2,306	752	18,744
Accounts Receivable	899				899
Prepaid Expenditures	8,106	0	0	0	8,106
Due From Other Funds	6,824	0	0	0	6,824
Total Assets	108,934	3,766	2,306	7,826	122,832
LIABILITIES AND FUND BALANCES:					
LIABILITIES:					
Accounts Payable	\$80	\$0	\$0	\$0	80
Due To Other Funds	0	3,766	2,306	752	6,824
Total Liabilities	80	3,766	2,306	752	6,904
FUND BALANCES: Nonspendable:					
Prepaid Expenditures Restricted For:	8,106	0	0	0	8,106
Utility Assistance	0	0	0	7,074	7,074
Unassigned	100,748	0	0	0	100,748
Total Fund Balance	108,854	0	0	7,074	115,928
Total Liabilities Fund Balances	108,934	3,766	2,306	7,826	122,832

The accompanying notes are an integral part of this statement.

#### Reconcilation of Fund Balances on the Balance Sheet For Governmental Funds to Net Assets of Governmental Activities on the Statement of Net Asses

#### EAST FELICIANA COUNCIL ON AGING, INC. CLINTON, LOUISIANA June 30, 2011

Fund Balances - Total Governmental Funds	\$115,928
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not	
financial resources and therefore are not reported in the funds Add: Capital Assets	127,822
Deduct - Accumulated depreciation  Net adjustments	<u>(94,411)</u> 33,411
Long-term liabilites applicable to governmental activites are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities, both current and long-term, are reported in the Statement of Net Assets	
Compensated absences	8,311
Net Assets of Governmental Activities	141,028

The accompanying notes are an integral part of this statement.

### STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS

# EAST FELICIANA COUNCIL ON AGING, INC. CLINTON, LOUISIANA YEAR ENDED JUNE 30, 2011

YEAR ENDED JUNE 30, 2011				NON-	
	GENERAL	TITLE	TITLE	MAJOR	
	FUND	III B	III C 2	FUNDS	TOTAL
Revenues:					
INTERGOVERMENTAL					
Governors Office of Elderly Affairs	\$60,600	\$0	SO	\$29,887	\$90,487
Capital Area Agency on Aging	334	48,496	35,455	23,072	107,357
Department of Health & Hospitals	0	0	0	9,905	9,905
Department of Transportation	112,658	0	0	0	112,658
Louisiana Workforce	4,411	0	0	0	4,411
PUBLIC SUPPORT:					
Client Contributions	10,170	2.732	1,968	3,313	18,183
Investment Income	71	0	0	0	71
Miscellaneous Income	7,612	0	0	0	7,612
In-Kind Revenue	0	38,197	5,037	17,073	60,307
Total Revenue	195,856	89,425	42,460	83,250	410,991
Expenditures:					
HEALTH & WELFARE & SOCIAL SERVICES	3				
CURRENT					
Salaries	2,088	124,750	30,753	24,336	181,927
Fringe	252	20,567	5,298	4,229	30.346
Travel	2,954	3,237	173	705	7,069
Operating Services	28,599	13,169	3,721	1,482	46.971
Operating Supplies	18,485	3,453	1,541	793	24,272
Other	8,156	4,991	1,022	2,647	16,816
Meals	4,537	0	0	0	4,537
Utility Assistance	0	0	0	6,063	6,063
Capital Outlay	20,050	0	0	0	20,050
In-Kind Expenditures	0	38,197	5,037	17,073	60,307
Total Expenditures	85,121	208,364	47,545	57,328	398,358
Excess of Revenue over				5.,525	
(Under) Expenditures	110,735	(118,939)	(5,085)	25,922	12,633
(Sindoly Expolitation)	110,100	(110,000)	(0,000)	20,322	12,000
OTHER FINANCIAL SOURCES (USES)					
Transfers In	0	118,939	5,085	8,647	132,671
Transfers Out	(95,121)	0	0	(37,550)	(132,671)
Transicia dat	(95,121)	118,939	5.085	(28,903)	0
	(93,121)	110,555	3,003	(20,903)	<u> </u>
Net increase (decrease) in fund balances	15.614	0	n	(2.091)	12 622
rvet increase (decrease) in fund balances	15,614	0	0	(2,981)	12,633
Fund Balance, Beginning	82,613	0	^	10,055	02.669
* *			0		92,668 10,637
Prior Period Adjustment	10,627	0	0	10.055	10,627
Fund Balance, Beginning Restated	93,240	0	0	10,055	103,295
Fund Balance, Ending	108,854	0	0	7,074	115,928

The accompanying notes are and integral part of this statement.

# Reconcilation of Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds To the Statement of Activities

#### EAST FELICIANA COUNCIL ON AGING, INC. CLINTON, LOUISIANA For the Year Ended June 30, 2011

Net Change in Fund Balances - Total Governmental Funds	\$12,633
Amounts reported for governmental activities in the statements of activiteis are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.  This is the amount by which capital outlys exceeded depreciation expense in the current period.  Add: Capital outlays  Deduct - depreciation expense  Net Adjustment	19,150 (16,850) 2,300
Some expenses (i.e. compensated absences) reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expendiutures in governmental funds.  Compensated absences	2,316
Change in Net Assets of Governmental Activities	17,249

#### NOTES TO THE FINANCIAL STATEMENTS

East Feliciana Council on Aging Clinton, Louisiana June 30, 2011

### Note 1 - PURPOSE OF THE COUNCIL ON AGING AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting policies of East Feliciana Council on Aging, Inc. (the Council) conform to the accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental and financial reporting principles. Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. The following is a summary of certain significant accounting policies used by the Council:

#### a. Purpose of the Council on Aging

The purpose of the Council is to collect facts and statistics and make special studies of conditions pertaining to the employment, financial status, recreation, social adjustment, mental and physical health or other conditions affecting the welfare of the aging people in East Feliciana Parish; to keep abreast of the latest developments in these fields of activity throughout Louisiana and the United States; to interpret its findings to the citizens of the parish and state; to provide for the mutual exchange of ideas and information on the parish and state level; to conduct public meetings; to make recommendations for needed improvements and additional resources; to promote the welfare of aging people; to coordinate and monitor services with other local agencies serving the aging people of the parish; to assist and cooperate with the Governor's Office of Elderly Affairs (GOEA), Capital Area Agency on Aging (CAAA), and other departments of state and local government serving the elderly, and; to make recommendations relevant to the planning and delivery of services to the elderly of the parish.

The primary services provided by the Council to the elderly residents of East Feliciana Parish include transportation, homemakers, legal assistance, information and assistance, outreach, utility assistance, congregate and home delivered meals, distribution of food commodities, nutritional education, individual counseling, inhome respite, employment services, medication management, wellness, and unmet needs.

#### b. Reporting Entity

In 1964, the State of Louisiana passed Act 456 authorizing the charter of a voluntary council on aging for the welfare of the aging people in each parish of Louisiana. In 1979, the Louisiana Legislature created the Governor's Office of Elderly Affairs (GOEA) (La. R.S. 46:931) with the specific intention that GOEA administer and coordinate social services and programs for the elderly population of Louisiana through sixty-four parish voluntary councils on aging.

Before a council on aging can begin operations in a specific parish, its application for a charter must receive approval from GOEA pursuant to Louisiana Revised Statute (La. R.S.) 46:1602. each council on aging in Louisiana must comply with the state laws that apply to quasi-public agencies, as well as the policies and regulations established by GOEA.

East Feliciana Council on Aging (the Council) is a non-profit, quasi-public corporation. The Council received its charter from the Governor of the State of Louisiana on September 10, 1975 and began operations November 20, 1975, the date in which it filed its articles of incorporation with the Secretary of State's office.

A board of directors, consisting of 15 voluntary members, who serve three-year terms, governs the Council. Each member may serve no more than two consecutive terms. Any board member who has served two consecutive terms is ineligible to serve on the board of directors for one year. Reasonable efforts are made to maintain a board of directors whose composition will be representative of the population of East Feliciana Parish. Nominations to fill expiring terms of board members are made in February by the Council' Development Committee. Additional nominations may also come from the floor. The Members of the Council elect board members at a regular board meeting in April. Any adult citizen of East Feliciana Parish may register to be a "member" of the Council. Membership fees are not charged.

Based on the criteria set forth in GASB Statement 14, *The Financial Reporting Entity*, the Council is not a component unit of another primary government, nor does it have any component units that are related to it. In addition, based on the criteria set forth in this statement, the Council has presented its financial statements as a special-purpose, stand-alone government; accordingly, it is applying the provisions of Statement 14 as if it were a primary government.

#### c. Basis of Presentation of the Basic Financial Statements

The Council's basic financial statements consist of "government-wide" financial statements on all activities of the Council, which are designed to report the Council as a whole entity, and "fund" financial statements, which purpose are to report individual major governmental funds and combined nonmajor governmental funds.

Both the government-wide and fund financial statements categorize primary activities as either "governmental" or "business" type. The Council's functions and programs have all been categorized as "governmental" activities. The Council does not have any business-type activities, fiduciary funds, or any component units that are fiduciary in nature. Accordingly, the government-wide financial statements do not include any of these activities or funds.

#### Government-Wide Financial Statements:

The government-wide financial statements include the Statement of Net Assets and the Statement of Activities for all activities of the Council. As a general rule, the effect of interfund activity has been eliminated from these statements. The government-wide presentation focuses primarily on the sustainability of the Council as an entity and the change in its net assets (financial position) resulting from the activities of the current fiscal year. Intergovernmental revenues primarily support governmental activities.

In the government-wide Statement of Net Assets only one column of numbers has been presented for total governmental activities. The numbers are presented on a consolidated basis and represent only governmental type activities.

The Statement of Net Assets has been prepared on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Council's net assets are reported in three parts - invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets.

#### c. Basis of Presentation of the Basic Financial Statements (Continued)

The government-wide Statement of Activities reports both the gross and net cost of each of the Council's functions and significant programs. Many functions and programs are supported by general government revenues such as intergovernmental revenues, and unrestricted public support, particularly if the function or program has a net cost. The Statement of Activities begins by presenting gross direct and indirect expenses that include depreciation and amortization, and then reduces the expenses by related program revenues, such as charges for services, operating and capital grants, and restricted contributions, to derive the net cost of each function or program. Program revenues must be directly associated with the function or program to be used to directly offset its cost. Operating grants include operating-specific and discretionary (either operating or capital) grants, while the capital grants column reflects capital-specific grants.

Direct expenses reported in the Statement of Activities are those that are clearly identifiable with a specific function or program, whereas, the Council allocates its indirect expenses among various functions and programs in accordance with OMB Circular A-87, Cost Principles for States, Local, and Indian Tribal Governments. The Statement of Activities shows this allocation in a separate column labeled "indirect expenses."

In the Statement of Activities, charges for services represent program revenues obtained by the Council when it renders services provided by a specific function or program to people or other entities. Unrestricted contributions, unrestricted grants, and interest income that are not included among program revenues are reported instead as general revenues in this statement. Special items, if any, are significant transactions within the control of management that are either unusual in nature or infrequent in occurrence and are separately reported below general revenues. The Council did not have any special items this year.

#### **Fund Financial Statements:**

The fund financial statements present financial information very similar to that which was included in the general-purpose financial statements issued by governmental entities before GASB Statement No. 34 required the format change.

#### c. Basis of Presentation of the Basic Financial Statements (Continued)

The daily accounts and operations of the Council continue to be organized using funds and account groups. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain governmental functions or activities. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, equity, revenues, and expenditures. Government resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled.

The Council uses governmental fund types. The focus of the governmental funds' measurement (in the fund statements) is on determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than on net income. An additional emphasis is placed on major funds within the governmental fund types. A fund is considered major if it is the primary operating fund of the Council or if its total assets, liabilities, revenues, or expenditures are at least 10% of the corresponding total for all funds of that category or type. In addition, management may also choose to report any other governmental fund as a major fund if it believes the fund is particularly important to financial statement users. The nonmajor funds are summarized by category or fund type into a single column in the fund financial statements.

Governmental fund equity is called the fund balance. Fund balance is further classified on a hierarchy that shows, from highest to the lowest, the level or form of constraints on fund balance and accordingly, the extent to which the Council is bound to honor them: non-spendable, restricted, committed, assigned and unassigned.

#### c. Basis of Presentation of the Basic Financial Statements (Continued)

The following is a description of the governmental funds of the Council:

The General Fund is the primary operating fund of the Council and is used to account for all financial resources except those required to be accounted for in another fund.

The following is a brief description of the programs that comprise the Council's General Fund:

#### Local Programs and Funding

The Council receives revenues that are not required to be accounted for in a specific program or fund. Accordingly, these revenues have been recorded in the local program of the General Fund. These funds are mostly unrestricted, which means they may be used at the Council's discretion. Expenditures to acquire fixed assets, and expenditures for costs not allowed by another program due to budget limitations or the nature of the expenditures, are charged to the local program. Because of their unrestricted nature, local funds are often transferred to other programs to eliminate deficits in cases where the expenditures of the other programs exceeded their revenues. In addition, capital outlay expenditures are usually made with local funds to minimize restrictions on the use and disposition of fixed assets.

#### **PCOA Funding**

PCOA funds are appropriated for the Council by the Louisiana Legislature and remitted to the Council via the Governor's Office of Elderly Affairs (GOEA). The Council may use these "Act 735" funds at its discretion provided the program is benefiting people who are at least 60 years old. In FY 2011, the Council transferred its PCOA funds to pay for program expenditures that exceeded the grant reimbursements from Capital Area Agency on Aging (CAAA).

#### c. Basis of Presentation of the Basic Financial Statements (Continued)

#### Supplemental Senior Center Funding

The Louisiana Legislature appropriated additional money for various councils on aging throughout the state to be used to supplement the primary state grant for senior centers. In FY 2011 the Council received \$3,100 of supplemental senior center funding from GOEA. Management can use its discretion as to how to spend this money as long as the program benefits anyone at least 60 years old. This year management received this money into the Council's General Fund and then transferred it out to the Title III programs to subsidize the operating cost of those fund's program services.

#### Audit Funding

Each year GOEA provides funds to subsidize the cost of the Council's annual audit. The audit funds were received and accounted for in the General Fund and used to pay for the cost of the audit. The audit cost in excess of the subsidy was allocated to the Council's programs and funds using its direct cost allocation model.

#### Transportation Program Services - Nonelderly

The Council provides various transportation services to the residents of East Feliciana Parish who are not 60 years old for a fee. The fee ranges from \$5.00 to \$8.00 per one-way trip and is based on whether the trip is in the parish or out of the parish. These program service fees and their related cost are accounted for within the "Nonelderly Transportation" program of the General Fund. In contrast, transportation services provided to residents who are at least 60 years old are accounted for in the "Elderly Transportation" program of the Title III B Fund.

#### c. Basis of Presentation of the Basic Financial Statements (Continued)

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. A significant percentage of the Council's special revenue funds are provided by Capital Area Agency on Aging - District II, Inc. (CAAA). The Title III funds, which the Council receives, are provided by the United States Department of Health and Human Services - Administration on Aging to GOEA, which in turn "passes through" the funds to the Council via CAAA. GOEA also provides CAAA funds from other state grants, which are passed through to the Council.

The Council has established several special revenue funds. The following are brief description of the purpose of each special revenue fund and their classification as either a major or nonmajor governmental fund:

#### Major Governmental Funds:

#### Title III B Fund

The Title III B Fund is used to account for funds used to provide various units of supportive social services to the elderly. GOEA has established the criteria for a qualifying unit of service for each Title III program. Specific supportive services, along with the number of units provided during the fiscal year, are as follows:

Type of Service Provided	Units
Information and Assistance	474
Outreach	103
Recreation	3,916
Transportation for people age 60 or older	7,502
Material Aid	1,298
Telephoning	1,457
Utilitiy assistance	35

There are two main sources of revenues that form the basis of this fund as follows:

- 1. A grant from GOEA for Special Programs for the Aging-Title III, Part B Grants for supportive Services and Senior Centers (\$48,496).
- 2. Restricted, voluntary public support (\$2,732) from persons who actually received homemaker and transportation services.

#### c. Basis of Presentation of the Basic Financial Statements (Continued)

#### Title III C-2 Fund

The Title III C-2 Fund is used to account for funds that are used to provide nutritional meals and nutrition education to homebound people who are age 60 or older. During the year the Council provided 15,188 home-delivered meals. The Council also provided 80 units of nutrition education under this program.

There are two main sources of revenues that form the basis of this fund as follows:

- 1. A grant from GOEA for Special Programs for the Aging Title III, Part C-2 Nutrition Services (\$35,455).
- 2. Restricted, voluntary public support (\$1,968) from persons who actually received home delivered meals.

#### Non-major Governmental Funds:

#### Title III C-1 Fund

The Title III C-1 Fund accounts for funds used to provide nutritional, congregate meals to people age 60 or older in strategically located centers throughout East Feliciana Parish. The Council maintains meal-sites at Clinton and Jackson, Louisiana. During the year the Council provided 10,825 meals, and 36 units of nutrition education under this program.

There are two main sources of revenues that form the basis of this fund as follows:

- 1. A grant from GOEA for Special Programs for the Aging Title III, Part C-1 Nutrition Services (\$17,722).
- 2. Restricted, voluntary public support (\$3,313) from persons who actually received congregate meal services.

#### Title III D Fund

The Title III D Fund accounts for funds used for wellness, which includes disease prevention and health promotion activities. During the year the Council provided 1,843 units of wellness service and 45 units of medication management to eligible participants in this program. The main source of the revenue forming the basis for this fund is a grant the Council receives from GOEA for Special Programs for the Aging – Title III, Part D – Disease Prevention and Health Promotion Services.

#### c. Basis of Presentation of the Basic Financial Statements (Continued)

#### Title III E Fund

The Title III E Fund is used to account for funds relating to the National Family Caregiver Support program, which is designated to provide multifaceted systems of support services for family caregivers and for grandparents or older individuals who are relative caregivers. During the year, the Council provided 1 unit of information counseling services under this program. The main source of the revenue forming the basis for this fund is a grant the Council receives from GOEA for Title III, Part E – National Family Caregivers Support Program.

#### Senior Center Fund

The Senior Center Fund accounts for the administration of Senior Center program funds appropriated by the Louisiana Legislature to GOEA, which in turn "passes through" the funds to the Council. The purpose of this program is to provide community service centers where elderly people can receive supportive social services and participate in activities which foster their independence, enhance their dignity, and encourage their involvement in and with the community. The Council maintains its senior centers at Clinton and Jackson in East Feliciana Parish.

#### **Utility Assistance Fund**

This fund is used to account for the administration of the utility assistance programs that are sponsored by local utility companies. The companies collect contributions from service customers and remit the funds to the parish councils on the aging throughout the state to provide assistance to the elderly, as well as disabled and handicapped people, for the payment of utility bills. Program contributions from Entergy customers for the Power to Care utility assistance program can only be used to pay for direct services.

No indirect or administration expenses can be paid for with these funds. During the year, the Council assisted 35 people with paying their utility bills. The maximum amount of assistance a person can receive in one year is usually limited to \$600 under the Power to Care program.

#### c. Basis of Presentation of the Basic Financial Statements (Continued)

#### Medicare Improvement for Patients and Providers Act (MIPPA) Fund

The MIPPA Fund is used to account for funds related to supporting outreach and assistance efforts directed toward Medicare beneficiaries with limited incomes who may be eligible for Medicare Part D, Low Income Subsidy (LIS) and Medicare Savings Plan (MSP) programs. The goal is to provide outreach to individuals in East Feliciana Parish, Louisiana, with special emphasis on rural communities and increase public awareness and enrollment into the benefits available under (LIS) and (MSP). During the year, the Council provided 54 units of service under this program, which consisted of providing information and outreach to 54 different people.

#### Medicaid Fund

The Medicaid Fund is used to account for funds used for the transportation of Medicaid recipients in the East Feliciana Parish area.

#### d. Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

#### Government-wide Financial Statements - Accrual Basis

The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

#### Fund Financial Statements - Modified Accrual Basis

Governmental fund level financial statements are reported using a current financial resources measurement focus and the modified accrual basis of accounting. A current financial resources measurement focus means that only current assets and current liabilities are generally included on the fund balance sheet. The operating statements of the funds present increases (revenues and other financing sources) and decreases (expenditures and other uses) in net current assets. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., when they are both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Council considers revenues to be "available" if they are collected within sixty days of the current fiscal year end. Expenditures are generally recorded under the modified accrual basis of accounting when the related liability is incurred, if measurable, except for the following: (1) unmatured principal and interest on long-term debt, if any, are recorded when due, and (2) claims, judgments, and compensated absences are recorded as expenditures when paid with expendable available financial resources. Depreciation and amortization are costs that are not recognized in the governmental funds.

#### e. Inter-fund Activity

In the fund financial statements, interfund activity is reported as either loans or transfers. Loans between funds are reported as interfund receivables (due from) and payables (due to) as appropriate. Transfers represent a permanent reallocation of resources between funds. In other words, they are not expected to be repaid.

In the government-wide financial statements, all types of interfund transactions are eliminated when presenting the governmental activity information.

#### f. Cash

Cash includes not only currency on hand, but demand deposits with banks or other financial institutions.

For the purposes of the Statement of Net Assets, restricted cash are amounts received or earned by the Council with an explicit understanding between the Council and the resource provider that the resource would be used for a specific purpose. At year-end, the line item "Cash" on the Statement of Net Assets is comprised of restricted cash of \$7,074. The Council has presented restricted cash as a component of current assets in the Statement of Net Assets because it is available for use in current operations.

#### g. Receivables

The financial statements for the Council do not contain an allowance for uncollectible receivables because management believes all receivables presented will be collected in full. However, if management becomes aware of information that would change its assessment about the collectibility of any receivable, management would write off the receivable as a bad debt at that time.

#### h. Prepaid Expenses/Expenditures

In the Statement of Net Assets prepaid expenses include amounts paid in advance for goods and services. These are shown as either current or other assets on the government-wide Statement of Net Assets, depending on when management expects to realize their benefits.

#### h. Prepaid Expenses/Expenditures (Continued)

In the fund financial statements, management has elected not to include amounts paid for future goods and services as expenditures until those services are consumed. This method of accounting for prepaid expenditures helps assure management that costs incurred will be reported in accordance with the Council's cost reimbursement grants. These types of grants do not permit the Council to obtain reimbursement for qualified expenditures until the goods and services relating to them are consumed. As a result, the prepaid expenditures are shown as an asset on the balance sheet of the fund financial statements until they are consumed. In addition, a corresponding amount of the fund balance of the General Fund has been reserved to reflect the amount of fund balance not currently available for expenditure.

For purposes of presenting prepaid expenses in the government-wide statements, the Council will follow the same policy it uses to record prepaid expenditures in the fund financial statements with one exception. Occasionally, with Council on Aging type entities, disbursements are made as "matching" payments to acquire vehicles that will be titled to another government. When this type of transaction occurs, the disbursement is recorded as a prepaid expense and amortized in the Statement of Net Assets to better present the economies of the transaction and to keep from distorting the Council's transportation expenses in the Statement of Activities. In contrast, 100% of the "matching" payments are reported in the fund financial statements as intergovernmental expenditures when the vehicles are received. The Council did not have any "matching" type transactions this year.

#### j. Capital Assets

The accounting and reporting treatment used for property, vehicles, and equipment (capital assets) depends on whether the capital assets are reported in the government-wide financial statements or the fund financial statements.

#### j. Capital Assets - (Continued)

#### **Government-Wide Financial Statements**

Capital assets are long-lived assets purchased or acquired with an original cost of at least \$1,000 and have an estimated useful life of greater than one year. When purchased or acquired, these assets are recorded as capital assets in the government-wide statement of Net Assets. If the asset was purchased, it is recorded in the books at its cost. If the asset was donated, then it is recorded at its estimated fair market value at the date of donation. Capital assets will also include major repairs to equipment and vehicles that significantly extend the asset's useful life. Routine repairs and maintenance are expensed as incurred.

For capital assets recorded in the government-wide financial statements, depreciation is computed and recorded using the straight-line method for the asset's estimated useful life. The Council follows a guideline issued by the State of Louisiana's Office of Statewide Reporting and Accounting to establish the useful lives of the various types of capital assets that are depreciated and the method used to calculate annual depreciation.

Using this guideline, the estimated useful lives of the various classes of depreciable capital assets are as follows:

Office equipment – other than computers 6 years
Vehicles 5 years
Computer equipment 5 years

When calculating depreciation, the State's guideline assumes that capital assets will not have any salvage value and that a full year's worth of depreciation will be taken in the year the capital assets are placed in service or disposed.

#### j. Capital Assets - (Continued)

#### **Fund Financial Statements**

In the fund financial statements, capital assets used in the Council's operations are accounted for as capital outlay expenditures of the governmental fund that provided the resources to acquire the assets. Depreciation is not computed or recorded on capital assets for purposes of the fund financial statements.

#### k. Non-Current (Long-term) Liabilities

The accounting treatment of non-current liabilities depends on whether they are reported in the government-wide or fund financial statements. In the government-wide financial statements, all non-current liabilities that will be repaid from governmental resources are reported as liabilities in the government-wide statements. In the fund financial statements, non-current liabilities for governmental funds are not reported as liabilities or presented anywhere else in these statements. The Council did not have any non-current liabilities at year-end.

#### 1. Compensated Absences

The Council's policy for annual leave permits employees to accumulate earned but unused annual leave. Accordingly, a liability for the unpaid annual leave has been recorded in the Government-Wide financial statements. Management has estimated the current and long-term portions of this liability based on the Council's policy as it relates to accruing (earning) and using vacation leave. Accordingly, all amounts earned and unused as of year-end are considered a current liability for purposes of the Statement of Net Assets.

The amount recorded as compensated absences liability was determined using the number of vested hours for each employee multiplied by the employee's wage rate in effort at the end of the year. An amount is added to this total for Social Security and Medicare taxes.

#### 1. Compensated Absences (Continued)

In contrast, the governmental funds in the fund financial statements report only compensated absences liabilities that are payable from expendable available financial resources to the extent that the liabilities mature (or come due for payment). Vacation leave does not come due for payment until an employee makes a request to use it or terminates employment with the Council. Accordingly, payments for vacation leave will be recorded as fund expenditures in the various governmental funds in the year in which they are paid or become due on demand to terminated employees. As a result no amounts have been accrued as fund liabilities as of year-end in the fund financial statements. The difference in the methods of accruing compensated absences creates reconciling item between the fund and the government-wide financial statement presentations.

The Council's sick leave policy does not provide for vesting of sick leave thereby requiring the employee to be paid for any unused leave upon termination of employment. Accordingly, no amounts have been accrued as unpaid compensated absence in the financial statements relative to sick leave.

#### m. Advances from Funding Agency

Advances from funding agency represent unexpended balances of grants awarded to the Council that are required to be returned to the funding agency at the end of the grant period. Grant funds due back to the funding agency are recorded as a liability when the amount due becomes known, normally when a final accounting is submitted to the funding agency.

#### n. Deferred Revenue Other than Property Tax

The Council reports deferred revenues on both the Statement of Net Assets (government-wide) and the Balance Sheet of the fund financial statements. Deferred revenues arise when the Council receives resources before it has a legal claim to them, as when grant monies are received before the occurrence of qualifying expenditures. In subsequent periods, when the Council has a legal claim to the resources, the liability for deferred revenue is removed from the Statement of Net Assets and the Fund Balance Sheet, whichever the case might be, and the revenue is recognized. The Council did not have any deferred revenue at year-end.

# Note 1 - PURPOSE OF THE COUNCIL ON AGING AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

#### o. Net Assets in the Government-wide Financial Statements

In the government-wide Statement of Net Assets, the Net Asset amount is classified and displayed in three components:

- Invested in capital assets This component consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those capital assets. At year-end the Council did not have any borrowings that were related to capital assets.
- Restricted net assets This component consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- Unrestricted net assets This component consists of all other net assets that do not meet the definition of "restricted" or "invested in capital assets."

When both restricted and unrestricted resources are available for use in a specific program or for a specific purpose, the Council's usual policy is to use restricted resources first to finance its activities. However, management will depart from its usual policy by using unrestricted funds in the Council's nutrition programs before consuming unspent NSIP funds, which are restricted type revenue. The reason management will take this action is because certain unrestricted funds will have to be returned to GOEA if not consumed by June 30, whereas unconsumed NSIP funds are allowed by GOEA to be carried over and used in a subsequent year.

# Note 1 - PURPOSE OF THE COUNCIL ON AGING AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

#### p. Fund Equity - Fund Financial Statements

Governmental fund equity is classified as fund balance. Beginning with FY 2011, the Council implemented GASB Statement 54, Fund Balance Reporting and Governmental Fund Type Definitions. This statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purpose for which resources can be used:

- 1. <u>Non-spendable</u>: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Management has classified prepaid expenditures as being non-spendable as this item is not expected to be converted to cash.
- 2. <u>Restricted</u>: This classification includes amounts for which constraints have been placed on the use of resources are either:
  - A. Externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws of regulations of other governments; or
  - B. Imposed by law through constitutional provisions or enabling legislation.

Management has classified \$7,074 of the fund balance for the utility assistance special revenue fund as being restricted due to the constraints placed on the use of the money contributed by the general-public and Entergy Corporation.

3. Committed: This classification includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action (resolution) of the Council's board of directors, which is the Council's highest level of decision-making authority. These amounts cannot be used for any other purpose unless the board of directors removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The Council did not have any committed resources as of year-end.

# Note 1 - <u>PURPOSE OF THE COUNCIL ON AGING AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES</u> - (Continued)

- 4. Assigned: This classification includes spendable amounts that are reported in governmental funds other than the General Fund, that are neither restricted nor committed, and amounts in the General Fund that are intended to be used for a specific purpose in accordance with the provisions of GASB Statement 54. The intent of an assigned fund balance should be expressed by either the Council's board of directors, or a subordinate high-level body, such as a finance committee, or an official, such as the executive director, that has the authority to assign amounts to be used for specific purposes. The Council's management has not assigned any amounts at year-end.
- 5. <u>Unassigned</u>: This classification is the residual fund balance for the General Fund. It also represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund

When fund balance resources are available for a specific purpose in multiple classifications, the Council would use the most restrictive funds first in the following order: restricted, committed, assigned, and unassigned as they are needed. However, it reserves the right to selectively spend unassigned resources first and to defer the use of the other classified funds.

#### q. Management's Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

#### r. Allocation of Indirect Expenses

The Council reports all direct expenses by function and programs of functions in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function or program. Indirect expenses are recorded as direct costs of the Administration function. The net cost of the Administration function is allocated using a formula based primarily on the relationship the direct cost a program bears to the direct cost of all programs. There are some programs that cannot absorb any indirect expense allocation according to their grant or contract restrictions.

# Note 1 - PURPOSE OF THE COUNCIL ON AGING AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

#### s. Elimination and Reclassifications

In the process of aggregating data for the Statement of Net Assets and the Statement of Activities, some amounts reported as interfund activity and balances in the funds were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the "grossing up" effect on assets and liabilities within the governmental activities column.

#### t. New Accounting Pronouncement

Beginning with this fiscal year, the management has adopted the provisions of Governmental Accounting Standards Board Statement 54, Fund Balance Reporting and Governmental Fund Type Definitions. The main financial statement effects relating to this new accounting standard are with how the components of the Council's fund balances will be presented on the fund balance sheet and on presentation of special revenue funds on the statement of revenues, expenditures and changes in fund balances. The number of special revenue funds will be less than in previous years because of the new definition of what constitutes a special revenue fund.

#### Note 2 - Revenue Recognition

Revenues are recorded in the government-wide financial statements when they are carned using the accrual basis of accounting.

Revenues are recorded in the fund financial statements using the modified accrual basis of accounting. In applying the susceptible to accrual concept using this basis of accounting, intergovernmental grant revenues, program service fees, and interest income must be both measurable and available. However, the timing and amounts of the receipts of public support and miscellaneous revenues are often difficult to measure; therefore, they are recorded as revenue in the period received.

#### Note 3 - Cash Management and Bank Deposits

The Council maintains a consolidated operating bank account at Landmark Bank, which is available for use by all funds to deposit revenues and pay expenses. The purpose of this consolidated account is to reduce administration costs and facilitate cash management. The consolidated account also allows those funds with available cash resources to temporarily cover any negative cash balances in other funds.

As described in Louisiana law, the Council is classified as a quasi-public entity. Accordingly, the Council is not required to comply with Louisiana laws relating to the collateralization of bank deposits. However, it is the Council's policy to follow state law in an effort to minimize risks associated with bank deposits that exceed those currently covered by FDIC insurance.

Cash is reported at its carrying value, which equals its fair value. At June 30, the carrying value of the Council's cash was \$88,259, and the related bank balances was \$96,797. The difference of \$8,538 was principally due to outstanding checks that had not cleared the bank. Bank balances, other than non-interest bearing demand accounts, in excess of the \$250,000 FDIC insurance are exposed to credit risk. However, at year-end, all of the Council's bank balances were insured 100% by federal depository insurance.

#### Note 5 - Prepaid Expenditures and Expenses

At year-end, prepaid expenditures and prepaid expenses consisted of the following:

	Prepaid		Prepaid	
	Expenditures		Expenses	
Insurance premiums	\$	8,106	\$	8,106
Total prepaid expenditures and expenses	\$	8,106	S	8,106

#### Note 6 - Changes in Capital Assets and Accumulated Depreciation

A summary of changes in capital assets and accumulated depreciation is as follows:

Capital Assets Being Depreciated		Balance une 30, 2010	A	dditions	Decre	eases	Jι	Balance ine 30, 2011
Vehicles	5	98,454	5	0	\$	0	\$	98,454
Office furniture and equipment		10,218		19,150		0		29,368
Total Capital Assets		108,672		19,150		0		127,822
Less Accumulated Depreciation:								
Vehicles		73,939		11,332		0		85,271
Office furniture and equipment		3,622		5,518		0		9,140
Total Accumulated Depreciation		77,561		16,850		0		94,411
Capital Assets Net of Depreciation	\$	31,111	\$	2,300	\$	0	\$	33,411

All the Council's vehicles are operational at year end. The Council's management has reviewed capital assets and does not believe any capital asset has been impaired as of year-end.

Depreciation was charged to governmental activities as follows:

Administration	\$ 1,442
Supportive Services:	
Transportation of the elderly	15,162
Nutrition Services:	
Congregate meals	246
Total depreciation expense for	
governmental activities	\$ 16,850

The \$1,442 of depreciation associated with the administration function relates to capital assets that essentially serve all functions. Accordingly, it is included as a direct expense of the administration function on the Statement of Activities and then allocated to other functions in accordance with the Council's method of allocating indirect expenses. The other depreciation amounts (\$15,408) are charged as direct expenses to their related functions on the Statement of Activities.

#### Note 7 - Changes in Compensated Absences

For purposes of the Statement of Net Assets, the Council has presented all of its accumulated unpaid vacation as a current liability. This is because vested amounts will likely be used before the end of the next fiscal year. In contrast, no liability for compensated absences has been presented in the Balance Sheet of the fund financial statements because such leave does not become a liability until the employee has made a request to use it or terminates employment with the Council. The following is a schedule of changes that occurred in the Council's compensated absences account during the fiscal year.

	В	alance	Net Increase		Balance	
	07	/01/10	(Decrease)		06/30/11	
Unpaid Vacation Leave	\$	10,626	\$	(2,315)	\$	8,311

#### Note 8 - Fund Balances - Fund Financial Statements

At year-end, one special revenue fund had remaining fund balance of \$7,074. Of this balance \$7,074 represents unspent utility assistance contributions to help the elderly with utility bills.

#### **Note 9 - In-Kind Contributions**

The Council received a variety of in-kind contributions during the year, but does not record the fair value of them in its government-wide and fund financial statements, except for the donation of capital assets. In the case of a donation of a capital asset, accounting principles for governmental entities require the fair value of a donated capital asset be recorded in the Statement of Activities at the time of acquisition. However, these same principles do not permit the recording of the fair value of capital assets (or other in-kind contributions) in the fund financial statements because of the measurement focus of such statements.

The in-kind contributions that the Council received during the year consisted primarily of free rent and utilities relating to the use of the main administration office in Clinton and meal sites in Clinton and Jackson, Louisiana.

#### Note 9 - In-Kind Contributions - (Continued)

The Hill Country Realty & Appraisal Company has provided the Council information as to the fair value of the facility rental. The volunteer services were valued by recording the number of hours the volunteers worked and multiplying the hours by minimum wage. A summary of the in-kind contributions and their estimated values are as follows:

Facility Rental	\$ 50,367
Supplies	2,400
Volunteer Workers	 7,540
Total In-kind Expenditures	60,307
_	 

If these in-kind contributions had been recorded in the Statement of Activities their allocation would have been as follows:

Nutrition Services-Congregate Meals	\$ 10,073
Nutrition Services-Home Delivery Meals	5,037
Transportation	38,197
III D Preventive Health	7,000
Total In-Kind Expenses	\$ 60,307

### Note 10 - Board of Directors' Compensation

The Board of Directors is a voluntary board; therefore, no compensation has been paid to any member. However, board members can request reimbursement for out-of-pocket expenses in accordance with the Council's travel policy when traveling on behalf of the Council.

#### Note 11 - Income Tax Status

The Council, a non-profit corporation, is exempt from federal income taxes under Section 501(c) (3) of the Internal Revenue Code of 1986, and as an organization that is not a private foundation as defined in Section 509(a) of the Code. The Council is also exempt from Louisiana income tax.

The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Organization believes it is no longer subject to tax return examinations for the years prior to 2008.

#### Note 12 - Judgments, Claims, and Similar Contingencies

As of year-end the Council's management has no knowledge of any pending litigation, lawsuits, or claims against the Council. Furthermore, the Council's management believes that any unexpected lawsuits or claims that might be filed against the Council would be adequately covered by insurance or resolved without any material impact upon the Council's financial statements.

#### Note 13 - Contingencies - Grant Programs

The Council participates in a number of state and federal grant programs, which are governed by various rules and regulations. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the Council has not complied with the rules and regulations governing the grants, refunds of any money received and the collectibility of any related receivable at year end may be impaired. In management's opinion, there are no significant contingent liabilities relating to compliance with the rules and regulations governing state and federal grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies. Audits of prior years have not resulted in any disallowed costs or refunds. Any costs that would be disallowed would be recognized in the period agreed upon by the grantor agency and the Council.

#### Note 14 - Risk Management

The Council is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions by employees; job related illnesses or injuries to employees; officer and directors' liability; business interruption and natural disasters. To primarily cover or reduce the risk of loss that might arise should one of these incidents occur, The Council has purchased commercial insurance with varying deductible amounts as follows:

	Coverage Limits				
Auto Collision and Comphrehensive	\$	1,000,000			
General Liability		2,000,000			
Damages to Rented Premises		50,000			
Personal Injury		1,000,000			
Workers Compensation		1,000,000			

#### Note 14 - Risk Management - (Continued)

The Council's management has not purchased commercial insurance or made provision to cover the risk of loss, as a result of business interruption and certain acts of God.

There have been no significant reductions in insurance coverage from the prior year. No settlements were made during the current or prior three years that exceeded the Council's insurance coverage.

#### Note 15 - Related Party Transactions

There were no related party transactions during the fiscal year.

#### Note 16 - **Economic Dependency**

The Council receives the majority of its annual revenues from the Governor's Office of Elderly Affairs (GOEA). These revenues are appropriated each year by the federal and state governments. If significant budget cuts are made at the federal and state level, the amount of funds the Council receives could be reduced significantly and have an adverse impact on its operations. Management is not aware of any actions that will significantly affect the amount the Council will receive next year relating to revenues it usually receives from GOEA.

### Note 17 - Prior Period Adjustment

Compensated absences were recorded in the Fund Financial statements in the past. A prior period adjustment of \$10,627 was made on the Fund Financial statements to correct the recording of compensated absences to only the Government-Wide Financial statements.

#### Note 18 - Inter-fund Receivables and Payables - Fund Financial Statements

Because the Council operates its programs under cost reimbursement type grants, it has to pay for costs using its General Fund money and then request reimbursement for the advanced costs under the grant programs. Such advances create short-term interfund loans. A summary of these interfund loans, at year-end, is as follows:

	from			То
General Fund:				
Major Funds:				
Title III B	\$	3,766	Ş	0
Title III C-2		2,306		0
Totals for the General Fund	5	6,072	\$	0
Special Revenue Funds:				
Major Funds:				
Title III B:				
General Fund	S	0	S	3,766
Title III C-2:				
General Fund		0		2,306
Totals for Special Revenue Funds	\$	0	\$	6,072
Totals for All Funds	\$	6,072	S	6,072

#### Note 19 - Subsequent Events

Management has evaluated subsequent events through August 29, 2011, which is the date the financial statements were available to be issued for events requiring recording or disclosure in the financial statements for the year-ended June 30, 2011.

#### Note 20 - Interfund Transfers

Interfund Transfers in and out are listed by fund as follows:

	Transfers	Transfers
General Fund:	ln	Out
Title III B Fund	<b>S</b> 0	\$78,289
Title III C 2 Fund	Ü	5,085
Special Events Fund	0	0
Nonmajor Funds in the Aggregate	0	11,747
Total General	0	95,121
Title III B Fund:		
General Fund	78,289	0
Senior Center Fund	27,645	0
Senior Center Supplemental Fund	3,100	0
Medicald	9,905	0
Total III B Fund	118,939	U
Title III C 2 Fund:		
General Fund	5,085	0
	5,085	
Nonmajor Funds in the Aggregate:		
Title III € 1 Fund	8,389	0
Title III D Fund	253	0
Senior Center Fund	0	27,645
MIPPA	5	0
Medicaid	0	9,905
Total Building Fund	8,647	37,550
Total Transfers In/Out	132,671	132,671

Transfers are used (a) to move revenues from the fund that statute or budget requires to collect them, and (b) to shift unrestricted revenues collected in the General Fund and certain Special Revenue Funds to finance various programs accounted for in other funds in accordance with budgetary authorizations.

## SUPPLEMENTARY FINANCIAL INFORMATION REQUIRED BY GASB 34

#### NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

#### EAST FELICIANA COUNCIL ON AGING CLINTON, LOUISIANA

#### FOR THE YEAR ENDED JUNE 30, 2011

#### NOTE 1 - BUDGETARY REPORTING

The budget information presented in this section of required supplementary information applies to "major" governmental funds for which annual budgets were adopted. Budgetary information for "nonmajor" funds has not been included anywhere in these financial statements.

The Council follows these procedures in establishing the budgetary data that has been presented as required supplementary information in these financial statements.

- The Capital Area Agency on Aging District II Inc., (CAAA) notifies the Council each year as to the funding levels for each program's grant award.
- Revenue projections are also made based on grants from GOEA and other agencies, program service fees, public support (including client contributions), interest income, and other miscellaneous sources.
- Expenditure projections are developed using historical information and changes to the upcoming year that management is aware of at the time of budget preparation.
- Once the information regarding projected revenues and expenditures has been obtained, the Council's executive director and bookkeeper prepare a proposed budget based on the projections. The proposed budget is submitted to the Board of Directors for final approval.
- The Board of Directors reviews and adopts the budget for the next fiscal year at a regularly scheduled board meeting before May 31 of the current fiscal year.
- The adopted budget is forwarded to CAAA for compliance approval for the funds it will pass-through to the Council from GOEA.

# NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (Continued)

- Unused budget amounts lapse at the end of each fiscal year (June 30). However,
  if a grant or contract is not completed by June 30, management will
  automatically budget funds in the next fiscal year to complete the grant or
  contract. An example where this might occur is when vehicles are acquired
  under a federal matching program. The "match" might be made in one year and
  the vehicle delivered in another year.
- The budget is prepared on a modified accrual basis, consistent with the basis of accounting for governmental funds, for comparability of budgeted and actual revenues and expenditures.
- Budgeted amounts included in the accompanying required supplementary information include the original adopted budget amounts and all subsequent amendments. During the fiscal year management did not amend the budget.
- Actual amounts are compared to budgeted amounts periodically during the fiscal year as a management control device.
- The Council may transfer funds between line items as often as required but must obtain compliance approval from the CAAA and the Governor's Office of Elderly Affairs for funds received under grants and contracts from these agencies. As a part of their compliance, CAAA and GOEA require management to amend the budget in cases where actual expenditures for a particular line item exceed their budgeted amount by more than 10%, unless unrestricted funds are available to "cover" the overrun.
- Budgeted expenditures cannot exceed budgeted revenues on an individual fund level, unless a large enough fund balance exists to absorb the budgeted operating deficit.
- The Council is not required by state or local law to prepare a budget for every program or activity it conducts. Accordingly, some activities may not be budgeted, particularly if they are deemed to be immaterial by management.

## EAST FELICIANA COUNCIL ON AGING, INC. CLINTON, LOUISIANA BUDGETARY COMPARISON SCHEDULE - GENERAL FUND FOR THE YEAR ENDED JUNE 30, 2011

	BUDGET AMO		ACTUAL AMOUNTS GAAP	FAVORABLE
	ORIGINAL	FINAL	BASIS	(UNFAVORABLE)
REVENUES:				_
Intergovernmental				•-
Governor's Office of Elderly Affairs	\$40,600	\$60,600	\$60,600	\$0
Captial Area Agency on Aging	334	334	334	0
Department of Transportation	90,234	96,134	112,658	16,524
Lousiana Workforce	0	0	4,411	4,411
Public Support:	0	0	40 470	10.170
Client Contributions	0	0	10,170	10,170
Investment Income Miscellaneous Income	0	0	71 7,612	71 7,612
Total Revenues	131,168	157,068	195,856	38,788
i Otal Revenues	131,100	197,000	190,000	30,700
EXPENDITURES:				
Current	_			_
Personnel	0	2,088	2,088	0
Fringe	0	258	252	6
Travel	2,908	4,475	2,954	1,521
Operating Services	18,644	28,576	28,599	(23)
Operating Supplies Other	15,200 2,334	18,200 2,834	18,485 8,156	(285) (5,322)
Meals	2,334 8,792	2,034	4,537	(4,537)
Capital Outlay	0,792	0	20,050	(20,050)
In-Kind	0	0	20,000	· ·
Total Expenditures	47,878	56,431	85,121	(28,690)
. Jul Experience	***************************************	001.0.	00,121	(20,00)
Excess (Deficiency) Of Revenue				
Over Expenditures	83,290	100,637	110,735	10,098
Other Financial Sources (Uses)				
Transfers In	0	0	0	0
Transfers Out	(83,290)	(100,637)	(95,121	5,516
Total Other Financial Sources (Uses)	(83,290)	(100,637)	(95,121	
Net Increase (Decrease) in Fund Balances	0	0	15,614	15,614
Fund Balance, Beginning	82,613	82,613	82,613	0
Prior Period Adjustment	10,627	10,627	10,627	
Fund Balance, Beginning Restated	93,240	93,240	93,240	Ō
Fund Balance, Ending	82,613	82,613	98,227	
See notes to required supplementary inform				

## EAST FELICIANA COUNCIL ON AGING CLINTON, LOUISIANA BUDGETARY COMPARISON SCHEDULE - TITLE III B FOR THE YEAR ENDED JUNE 30, 2011

			ACTUAL AMOUNTS	VARIANCE FINAL BUDGET
·	BUDGET AMO	UNTS	GAAP	FAVORABLE
	ORIGINAL	FINAL	BASIS	(UNFAVORABLE)
REVENUES:		<del>-</del>		<u>`</u>
Intergovernmental				
Capital Area Agency on Aging	\$48,496	\$48,496	\$48,496	\$0
Client Contributions	3,800	3,800	2,732	(1,068)
In-Kind	0	0	38,197	38,197
Total Revenues	52,296	52,296	89,425	37,129
EXPENDITURES:				
Current				
Personnel	128,347	124,376	124,750	(374)
Fringe	11,346	19,901	20,567	(666)
Travel	6,512	3,673	3,237	436
Operating Services	18,048	13,755	13,169	586
Operating Supplies	3,051	2,912	3,453	(541)
Other	6,896	5,195	4,991	204
Capital Outlay	0	0	0	0
In-Kind	0	0	38,197	(38,197)
Total Expenditures	174,200	169,812	208,364	(38,552)
Excess (Deficiency) Of Revenue				
Over Expenditures	(121,904)	(117,516)	(118,939)	(1,423)
Other Financial Sources (Uses)	404 004	447.540	440.000	4 400
Transfers In Transfers Out	121,904	117,516	118,939	1,423
•	121,904	0 117,516	0	0
Total Other Financial Sources (Uses)	121,904	117,510	118,939	1,423
Net Increase (Decrease) in Fund Balances	0	0	0	0
FUND BALANCE, Beginning	0	0	0	0
FUND BALANCE, Ending	0	0	0	0

See notes to required supplementary information.

## EAST FELICIANA COUNCIL ON AGING CLINTON, LOUISIANA BUDGETARY COMPARISON SCHEDULE - TITLE III C 2 FOR THE YEAR ENDED JUNE 30, 2011

			ACTUAL AMOUNTS	VARIANCE FINAL BUDGET
	<b>BUDGET AMO</b>	UNTS	GAAP	FAVORABLE
	ORIGINAL	FINAL	BASIS	(UNFAVORABLE)
REVENUES:				
Intergovernmental				
Capital Area Agency on Aging	\$35,230	\$35,230	\$35,455	\$225
Public Support				
Client Contributions	2,400	2,400	1,968	(432)
In-Kind	0	0	5,037	5,037
Total Revenues	37,630	37,630	42,460	4,830
EXPENDITURES:				
Current				
Personnel	28,243	30,753	30,753	0
Fringe	2,870	5,316	5,298	18
Travel	0	223	173	50
Operating Services	4,281	3 866	3,721	145
Operating Supplies	1,260	1,548	1,541	7
Other	1,472	1,022	1,022	0
Meals	0	0	0	0
Capital Outlay	0	0	0	0
In-Kind	0	0	5,037	(5,037)
Total Expenditures	38,126	42,728	47,545	(4,817)
Excess (Deficiency) Of Revenue	(100)	/E 000\	<b>(5.055)</b>	40
Over Expenditures	(496)	(5,098)	(5,085)	) 13
Other Financial Sources (Uses)				
Transfers In	496	5,098	5,085	(13)
Transfers Out	0	. 0	. 0	` o´
Total Other Financial Sources (Uses)	496	5,098	5,085	(13)
Net Increase (Decrease) in Fund Balances	0	0	0	0
FUND BALANCE, Beginning	0	0	0	0
FUND BALANCE, Ending	0	0	0	0
·				

See notes to required supplementary information.

# SUPPLEMENTARY FINANCIAL INFORMATION REQUIRED BY THE GOVERNOR'S OFFICE OF ELDERLY AFFAIRS

### SCHEDULE OF NON-MAJOR SPECIAL REVENUE FUNDS

EAST FELICIANA COUNCIL ON AGING, INC. CLINTON, LOUISIANA YEAR ENDED JUNE 30, 2011

	Title	Title	Title III E	Senior Center	Utility Assist- ance	МІРРА	MEDICAID	TOTAL
REVENUE -		III D	1,11 L	Conto	ance		MILDICAID	TOTAL
Intergovernmental								
Governor's Office of Elderly Affairs	\$0	S0	\$0	\$27,645	\$0	\$2,242	SO	\$29.887
Capital Area Agency on Aging	17.722	2,118	150	0	3.082	0	0	23.072
Department of Health & Hospitals	0	_, o	0	0	0	0	9,905	9.905
Public Support:								
Client Contributions	3.313	0	0	0	0	0	0	3.313
Miscellaneous Income	0	0	0	0	0	0	0	0
In-Kind Contributions	10.073	7,000	0	0	0	0	0	17,073
<u>-</u>	31,108	9 1 18	150	27,645	3,082	2,242	9,905	83,250
EXPENDITURES								
HEALTH & WELFARE & SOCIAL SERVICES								
CURRENT								
Salaries	22,417	1.807	112	0	0	0	0	24,336
Fringe	3,905	324	0	0	0	0	0	4,229
Travel	673	27	5	0	0	0	0	705
Operating Services	1,334	132	16	0	0	0	0	1.482
Operatiing Supplies	740	47	6	0	0	0	0	793
Other	355	34	11	0	0	2,247	0	2.647
Utility Assistance	0	0	0	0	5,063	0	0	6.063
Capital Outlay	0	0	0	0	0	0	0	0
In-Kind Expenditures	10,073	7,000	0	0	0	0	0	17,073
	39,497	9,371	150	0	6,063	2,247	0	57,328
Excess of Revenues Over	00,401	3,37	100		0,000	2,2-1	<u>_</u>	01,020
(Under) Expenditures	(8,389)	(25 <u>3)</u>	0	27,645	(2,981)	(5)	9,905	25,922
OTHER FINANCIAL SOURCES (USES)								
Transfers In	8,389	253	0	0	0	5	0	8,647
Transfers Out	0	O	0	(27,645)	0	0	(9,905)	(37,550)
	8,389	253	0	(27,645)	0	5	(9,905)	(28,903)
Net Increase (Decrease) in Fund Balances	0	0	٥	0	(2,981)	0	0	(2,981)
Fund Balance, Beginning	0	0	0	0	10,055	0	0	10,055
Fund Balance, Ending	0	0	0	0	7,074	0	0	7,074

# EAST FELICIANA COUNCIL ON AGING CLINTON, LOUISIANA COMPARATIVE SCHEDULE OF GENERAL FIXED ASSETS AND CHANGES IN GENERAL FIXED ASSETS FOR THE YEAR ENDED JUNE 30, 2011

	Balance July 1, 2010	Additions	Adjustments and Deletions	Balance June 30, 2011
General Fixed Assets:				
Venicles	\$98,454	\$0	\$0	\$98.454
Equipment	10,218	19,150	0	29,368
Total General Fixed Assets	108,672	19,150	0	127,822
Investment in General Fixed Assets:				
General Fund	7,760	0	0	7,760
Act 735 (PCOA)	19,484	0	0	19,484
United Way	14,834	0	0	14,834
FTA	66,594	0	0	66,594
Department of Transportation	0	19,150	0	19,150
Total Investment in General Fixed Assets	108,672	19,150	0	127,822



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#### REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

August 29, 2011

Members of the Board of Directors East Feliciana Council on Aging Clinton, Louisiana

I have audited the financial statements of the East Feliciana Council on Aging as of and for the year ended June 30, 2011, and have issued my report thereon dated August 29, 2011. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in <u>Government Auditing Standards</u>, issued by the Comptroller General of the United States.

#### Internal Control over Financial Reporting

In planning and performing my audit, I considered East Feliciana Council on Aging's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatement on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. I did not identify any deficiency in internal control over financial reporting that I consider to be material weaknesses, as defined above. However, I identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies in internal control over financial reporting. (Finding 2011-1) A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

#### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether East Feliciana Council on Aging's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my test disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and which are described in the accompanying schedule of findings and questioned costs as item 2011-1.

East Feliciana Council on Aging's response to the findings identified in my audit is described in the accompanying schedule of findings and questioned costs. I did not audit East Feliciana Council on Aging's response and, accordingly, I express no opinion on it.

This report is intended for the information of the management, and federal awarding agencies and passthrough entities and is not intended to be and should not be used by anyone other than these specified parties. However, under Louisiana Revised Statutes 24:513, this report is distributed by the Legislative Auditor as a public document and distribution is not limited.

Donde. Deville

#### EAST FELICIANA COUNCIL ON AGING CLINTON, LOUISIANA SCHEDULE OF PRIOR YEAR'S FINDINGS FOR THE YEAR ENDED JUNE 30, 2011

Re <u>No</u> .	Fiscal Year Finding Initially Occurred	Description of Finding	Corrective Action Taken (Yes, No, Partially)	Corrective Action <u>Taken</u>
1.	6-30-08	Council Lacks the Qualifications and Skills To Prepare Their Financial Statements	No	N/A-Cost to Benefit Too Great for the Small Entity

# EAST FELICIANA COUNCIL ON AGING CLINTON, LOUISIANA SCHEDULE OF FINDINGS AND QUESTIONED COST FOR THE YEAR ENDED JUNE 30, 2011

## A. Summary of Auditor's Result

**Financial Statements** 

Type of auditor's report issued: Unqualified

- No material weaknesses identified.
- No significant deficiencies identified that are not considered to a material weakness.

No noncompliance material to financial statements noted.

Federal Awards: Not Applicable

#### B. Findings – Financial Statement Audit

2011-1

Condition: The Center's management lack the qualifications and skills to prepare its

Financial Statements.

Criteria: Statement on Auditing Standards No. 115 defines this deficiency in the design of

Controls.

Effect: There is no material effect to the financial statements since the auditor prepared their

statements

Recommendation: No recommendation because the Center is so small and the cost-to-benefit

Ratio is too great.

Management Response: The cost to hire another CPA is too great for this small Council.

## C. Management Letter

The auditor did not issue a management letter this year.

# CLINTON, LOUISIANA CORRECTIVE ACTION PLAN FOR THE YEAR ENDED JUNE 30, 2011

Re: No - 2011-1

**Description of Findings** – Management lacks the qualifications and training to prepare their financial statements.

Corrective Action Plan - The cost-to-benefit does not justify the hiring of another CPA to prepare their financial statements.

Name of Contact - Brenda Gardner, Executive Director

Anticipated Completion Date - N/A